

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

The Salvation Army Anaheim Center of Hope Apartments, located at 1340 S. Lewis Street in Anaheim, requested and is being recommended for a reservation of \$1,334,297 in annual federal tax credits to finance the new construction of 70 units of housing serving special needs tenants with rents affordable to households earning 25-30% of area median income (AMI). The project will be developed by The Salvation Army, a California corporation, and will be located in Senate District 34 and Assembly District 69.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's NPLH program and CalHFA's MHSA program.

Project Number CA-21-596

Project Name The Salvation Army Anaheim Center of Hope Apartments
Site Address: 1340 S. Lewis Street
 Anaheim, CA 92805 County: Orange
Census Tract: 863.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,334,297	\$0
Recommended:	\$1,334,297	\$0

Applicant Information

Applicant: The Salvation Army Anaheim Center of Hope Apartments, L.P.
Contact: J Koebel
Address: 16941 Keegan Avenue
 Carson, CA 90746
Phone: (562) 264-3620
Email: j.koebel@usw.salvationarmy.org

General Partner(s) or Principal Owner(s): The Salvation Army Westwood Village, Inc.
General Partner Type: Nonprofit
Parent Company(ies): The Salvation Army, a California corporation
Developer: The Salvation Army, a California corporation
Bond Issuer: City of Anaheim
Investor/Consultant: Enterprise Housing Credit Investments, LLC
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 72
 No. / % of Low Income Units: 70 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (66 units - 91%)

Information

Housing Type: Special Needs
 Geographic Area: Orange County
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 70	100%

Unit Mix

70 SRO/Studio Units
 1 1-Bedroom Units
 1 2-Bedroom Units

 72 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
16 SRO/Studio	25%	\$588
4 SRO/Studio	30%	\$300
14 SRO/Studio	30%	\$706
36 SRO/Studio	30%	\$706
1 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$21,599,167
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,938,551
Soft Cost Contingency	\$350,000
Relocation	\$0
Architectural/Engineering	\$2,001,176
Const. Interest, Perm. Financing	\$1,920,825
Legal Fees	\$310,000
Reserves	\$1,473,827
Other Costs	\$1,947,483
Developer Fee	\$4,350,969
Commercial Costs	\$0
Total	\$35,891,998

Residential

Construction Cost Per Square Foot:	\$500
Per Unit Cost:	\$498,500
True Cash Per Unit Cost*:	\$498,499.97

Construction Financing

Source	Amount
Bank of America Tax-Exempt Loan	\$18,000,000
Bank of America Taxable Loan	\$3,000,000
County Housing Finance Trust	\$2,418,062
City of Anaheim Loan	\$2,000,000
Sponsor Loan	\$3,100,000
Developer Fee Contribution	\$2,150,969
Deferred Costs	\$2,701,398
Tax Credit Equity	\$2,521,569

Permanent Financing

Source	Amount
Bank of America Loan	\$2,000,000
County Housing Finance Trust	\$2,418,062
Orange County Housing Trust	\$2,000,000
Orange County - MHSA	\$655,120
City of Anaheim Loan	\$2,000,000
HCD - NPLH	\$9,000,000
Sponsor Loan	\$3,100,000
Developer Fee Contribution	\$2,150,969
Tax Credit Equity	\$12,567,847
TOTAL	\$35,891,998

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$33,357,428
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$33,357,428
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,334,297
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,350,969
Investor/Consultant:	Enterprise Housing Credit Investments, LLC
Federal Tax Credit Factor:	\$0.94191

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed-in-service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-21-596 must be completed as part of the placed-in-service package.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed-in-service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed-in-service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.